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Annual Report for the year ended October 31, 1965



CANADIAN BREWERIES LIMITED



## CANADIAN BREWERIES LIMITED

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*Executive Offices:* 297 Victoria Street, Toronto 2, Canada



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# CANADIAN BREWERIES LIMITED

## HIGHLIGHTS

	<b>1965</b>	<b>1964</b>	%
			<i>Increase (Decrease)</i>
Net sales . . . . .	\$400,931,310	\$412,305,805	(2.8)
Government excise and sales taxes . . . . .	\$148,500,999	\$153,501,358	(3.3)
Net earnings . . . . .	\$ 11,320,000	\$ 16,571,837	(31.7)
Common shares outstanding . . .	21,762,295	21,761,375	
Earnings per common share . . .	\$ .41	\$ .65	(36.9)
Dividends paid—preference . . .	\$ 2,424,519	\$ 2,424,954	
Dividends paid—common . . .	\$ 8,704,774	\$ 8,704,458	
Dividends—annual rate per common share . . . . .	\$ .40	\$ .40	
Total assets . . . . .	\$330,443,363	\$338,256,748	(2.3)
Working capital position . . . .	\$ 63,656,197	\$ 70,043,966	(9.1)
Funded debt . . . . .	\$ 81,220,000	\$ 86,850,000	(6.5)
Shareholders' equity—total . . .	\$221,760,067	\$221,569,360	.1
Number of preference shareholders . . . .	6,248	6,614	
Number of common shareholders . . . .	47,334	38,522	
Number of employees . . . . .	7,000	7,300	

## DIRECTORS

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D. C. BETTS, *Toronto*

Retired brewery executive

HON. PAUL H. BOUFFARD, M.C., Q.C., *Quebec City*  
A member of the Senate of Canada

P. L. BRADFER-LAWRENCE, M.C., *London, England*  
A Managing-Director,  
Charrington United Breweries Limited

JACQUES BRILLANT, *Rimouski*  
President, Québec-Téléphone

\*C. F. W. BURNS, *Toronto*  
Chairman, Burns Bros. and Denton Limited  
(Member, Toronto Stock Exchange)

\*J. G. CAMPBELL, *Toronto*  
President, Canadian Breweries Limited

J. INNES CARLING, O.B.E., *London, Ontario*  
President, Carling Insurance Agency  
(general insurance)

PAUL DESMARAIS, *Montreal*  
President, Trans-Canada Corporation Fund  
(holding company)

M. A. EAST, *Saskatoon*  
President, John East Iron Works Limited  
(foundry and metal fabricators)

ARTHUR ELLIOTT, *Sheffield, England*  
Solicitor

LORING L. GELBACH, *Cleveland*  
Retired; formerly Chairman and President,  
Central National Bank of Cleveland

JOHN G. KIRKPATRICK, Q.C., *Montreal*  
A partner of the legal firm of Howard, Cate,  
Ogilvy, Bishop, Cope, Porteous & Hansard

A. S. LEACH, *Winnipeg*  
Chairman, Searle Grain Company Limited  
(grain dealers)

W. C. MACKENZIE, M.D., *Edmonton*  
Dean of Medicine, University of Alberta

\*A. BRUCE MATTHEWS, C.B.E., D.S.O., *Toronto*  
Chairman, The Excelsior Life  
Insurance Company

J. C. MAYNE, *Calgary*  
Retired; formerly Assistant General Manager,  
The Royal Bank of Canada  
in charge of Alberta operations

\*JOHN A. McDougald, *Toronto*  
President, Crown Trust Company

A. M. McGAVIN, *Vancouver*  
President, McGavin Toast Master Limited  
(manufacturers of bakery products)

J. M. MCGRATH, M.D., *St. John's*  
Minister of Health for the  
Province of Newfoundland

\*D. A. MCINTOSH, Q.C., *Toronto*  
A partner of the legal firm of  
Fraser, Beatty, Tucker, McIntosh & Stewart,  
General Counsel of Canadian Breweries Limited

M. C. G. MEIGHEN, O.B.E., *Toronto*  
President,  
Canadian General Investments Limited  
(closed-end investment trust)

G. E. SHARPE, *Winnipeg*  
President, Sharpe's Limited  
(an automobile accessories company)

G. C. SOLOMON, *Regina*  
President, Western Tractor Limited  
(industrial machinery distributors)

F. C. SWEET, *Vancouver*  
Vice-President,  
Boulbee, Sweet & Co. Ltd.  
(real estate and general insurance)

\*E. P. TAYLOR, C.M.G., *Bahama Islands*  
President,  
Argus Corporation Limited  
(closed-end investment trust)

\*Members of the Executive Committee of the Board

# OFFICERS AND FISCAL AGENTS

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## OFFICERS

*Chairman of the Board*, A. BRUCE MATTHEWS

*President*, J. G. CAMPBELL

*Executive Vice-President*, C. O. DALTON

*Vice-President—Production*, F. L. HOVEY

*Secretary*, W. E. DREWRY

*Treasurer*, J. D. FRASER

## TRANSFER AGENTS

### IN CANADA

National Trust Company, Limited;  
Ontario, Quebec, Manitoba, Alberta and British Columbia  
Eastern & Chartered Trust Company;  
New Brunswick and Nova Scotia  
The Canada Trust Company;  
Saskatchewan

### IN THE UNITED STATES

The Chase Manhattan Bank

## REGISTRARS

### IN CANADA

Montreal Trust Company

### IN THE UNITED STATES

Morgan Guaranty Trust Company of New York

## AUDITORS

Touche, Ross, Bailey & Smart

## BANKERS

The Royal Bank of Canada  
Canadian Imperial Bank of Commerce  
Central National Bank of Cleveland



THE ANNUAL MEETING WILL BE HELD IN THE MAIN LOUNGE OF O'KEEFE CENTRE, FRONT AND YONGE STREETS, TORONTO, ON MARCH 21, 1966, AT 2.30 O'CLOCK IN THE AFTERNOON. HOLDERS OF CLASS A AND CLASS B PREFERENCE SHARES OF THE COMPANY ARE NOT ENTITLED AS SUCH TO ATTEND OR VOTE AT THE MEETING.

# CANADIAN BREWERIES LIMITED

TORONTO, CANADA, FEBRUARY 23, 1966

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## REPORT OF THE BOARD OF DIRECTORS

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### TO THE SHAREHOLDERS:

Your Directors present herewith a statement of the affairs and financial position of your Company as at October 31, 1965.

#### SALES AND PROFITS

Your Company's sales and profits in the year under review were unsatisfactory. Sales at \$400,931,310 were down 2.8% and net earnings at \$11,320,000 were down 31.7% from the previous year. Earnings per common share declined from 65¢ to 41¢.

Sales and profits from Canadian brewing operations were up modestly in spite of a nine week industry strike in the Province of British Columbia and generally unfavourable summer weather. In the United States, however, sales were off 8.4% and your Company's American subsidiary operated at a loss for the year.

The new bottling shop at the O'Keefe Ottawa plant. Completed in the Summer of 1965 at a cost of \$1.4 million, the new facilities permit significantly greater production to meet increased demands for O'Keefe brands in the Ottawa Valley and in Quebec.



During the latter half of the year under review the senior managements of your Company and its subsidiaries were completely reorganized, new policies were adopted and a number of important economies were instituted. These new management groups have been striving very earnestly to reverse unfavourable trends in sales and profits and it now appears that small but solid improvements are beginning to emerge in the United States operations.

Other income in 1965 at \$5,824,340 was down \$943,992, largely as a result of fewer disposals of properties and investments.

#### BALANCE SHEET

The Balance Sheet at October 31, 1965 shows a strong financial position with total assets of \$330,443,363, working capital of \$63,656,197, including \$21,258,079 in cash and term deposits, and a current ratio of 3.32 to 1. Funded debt was reduced by \$5,630,000 during the year to \$81,220,000.

#### OVERSEAS INVESTMENTS

In 1965 further sums totalling \$2,200,000 were advanced to Beamish & Crawford Limited in Cork, Republic of Ireland, to complete the second stage of the expansion and modernization of that brewery.

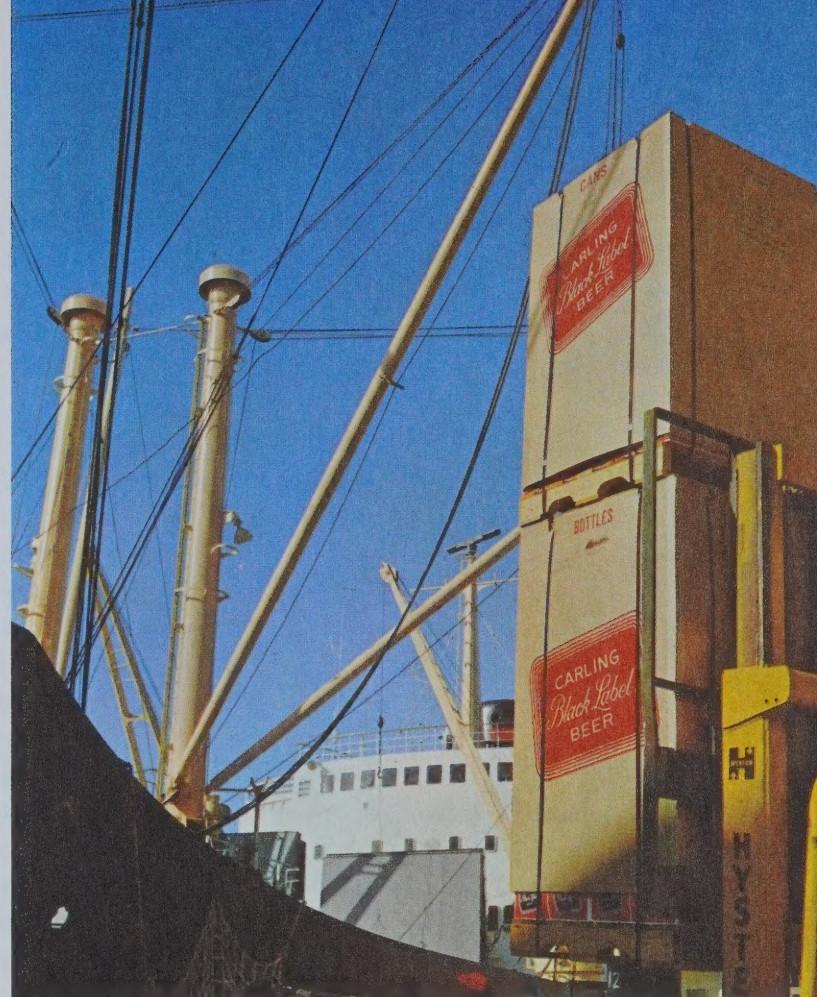
The investment in shares of Charrington United Breweries Limited was increased during the year by approximately \$1,000,000 to \$19,873,678. The market value of this investment at the year-end was \$25,827,000.

In the year under review an agreement was signed with a local financial group in Hong Kong to construct a brewery in that Colony. Construction has been started and is scheduled for completion late next summer. The Company's total investment in the Hong Kong brewery is expected to be \$1,000,000 of which \$500,000 was advanced during 1965.

A few weeks ago a licensing agreement was negotiated with The South African Breweries Limited to produce and market Black Label in South Africa and neighbouring countries. Your Company will supply technical assistance and will receive a royalty on all Black Label beer sold in those countries.

#### CHANGE OF FISCAL YEAR-END

For some time a change in the fiscal year-end date of the Company has been under consideration. It was felt that a Spring year-end would allow for more effective marketing planning and financial budgeting, all of which could then be accomplished in the slack seasonal period of January to



A shipment of Carling Black Label Beer for the Far East on the docks at Tacoma, Washington. Black Label is now being shipped from the United Kingdom and the United States to some 60 overseas markets and has recently been licensed for local production by The South African Breweries Limited.

March rather than in the heavy sales and holiday period of June to August which has been the case in the past. Accordingly, your Directors have decided that the Company's fiscal year in future will end on April 30; the 1966 fiscal period will be for the six months ending April 30 next. It is of interest to note that other Canadian brewing companies have in the past few years changed to a Spring year-end date.

#### OUTLOOK FOR THE COMING YEAR

Industry sales in North America are expected to show a worthwhile increase during 1966 provided normal summer weather prevails. Your Directors realize that in view of recent experience, it will be difficult indeed to equal the industry rate of growth in all major marketing areas, but every effort will be made to achieve such an objective.

In Canada, although sales have shown improvement in each of the last several years, your Company's rate of growth was somewhat less than the industry average. Sales in the United States at present are running at a level about equal to last year; it is expected that new marketing plans and policies currently being put into effect will prove beneficial.

Your Directors consider that it is their responsibility to let you know that major improvements in earnings will be slow in coming but that they are confident of the long term future and are hopeful that the fiscal year ending April 30, 1967 will show a significant improvement in earnings per common share. The reductions in administrative overhead and marketing expenditures, which are now in effect, will contribute towards an improved profit prospect.

With ample productive capacity available in North America, major capital expenditures for the next few years will be limited and the annual capital budgets will probably not exceed about one half of the provision for depreciation and amortization.

The 1965 fiscal year was not an easy one and your Directors wish especially to thank all of the 7,000 employees for the efforts they have put forth under difficult circumstances during the past twelve months.

*On behalf of the Board of Directors*

A. BRUCE MATTHEWS, *Chairman*

J. G. CAMPBELL, *President*

**MR. E. P. TAYLOR, C.M.G.**



## *A Tribute*

In late January Mr. E. P. Taylor, C.M.G., founder of your Company and Chairman of the Board of Directors for many years, announced his retirement as Chairman of the Company on reaching his 65th birthday. Mr. A. Bruce Matthews, C.B.E., D.S.O., who has been Vice-Chairman, was appointed to succeed Mr. Taylor as Chairman of the Board.

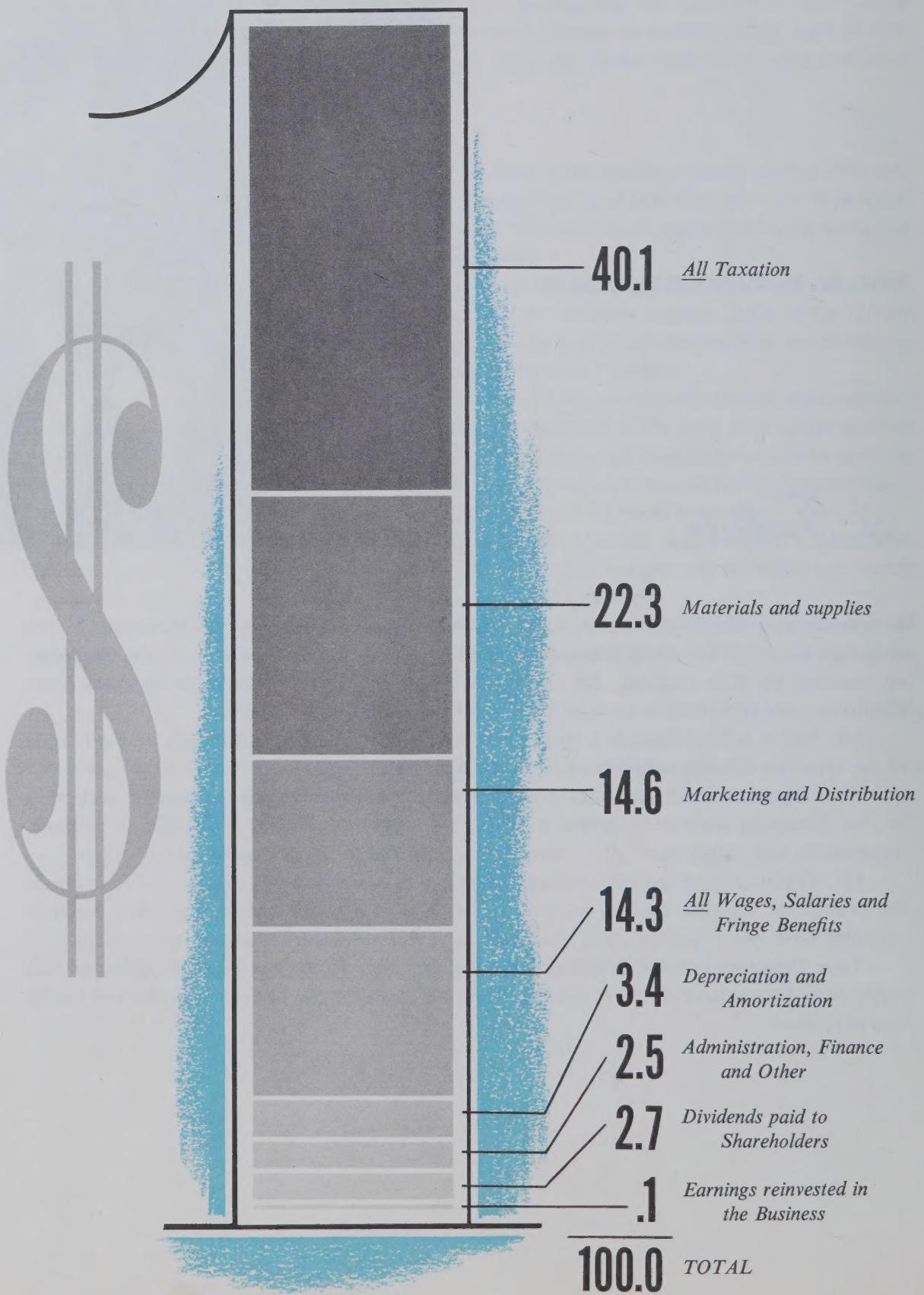
Mr. Taylor will continue as a Director of the Company and he will remain on the Boards of the principal brewing subsidiaries in North America.

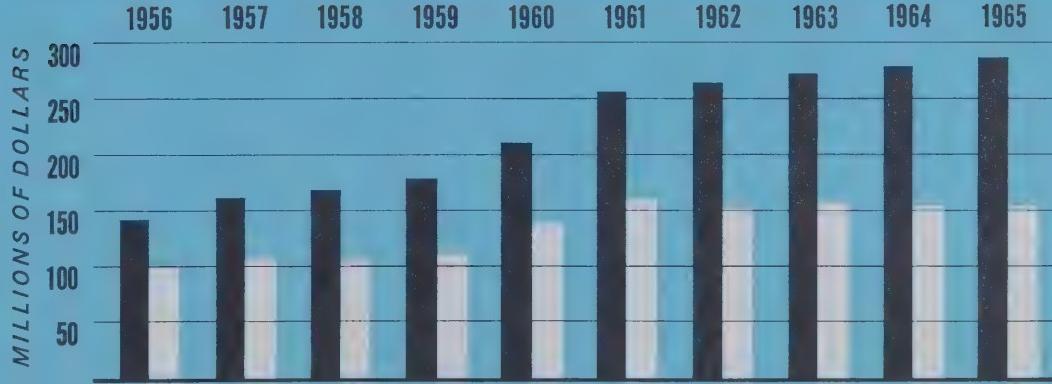
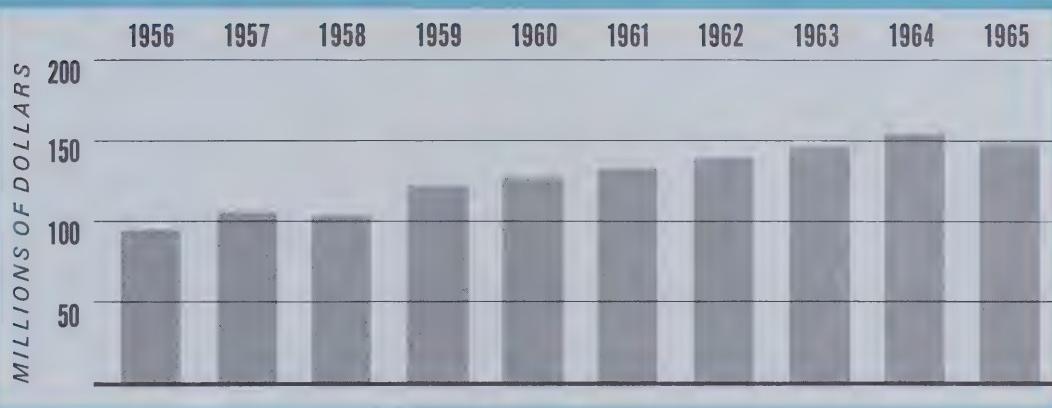
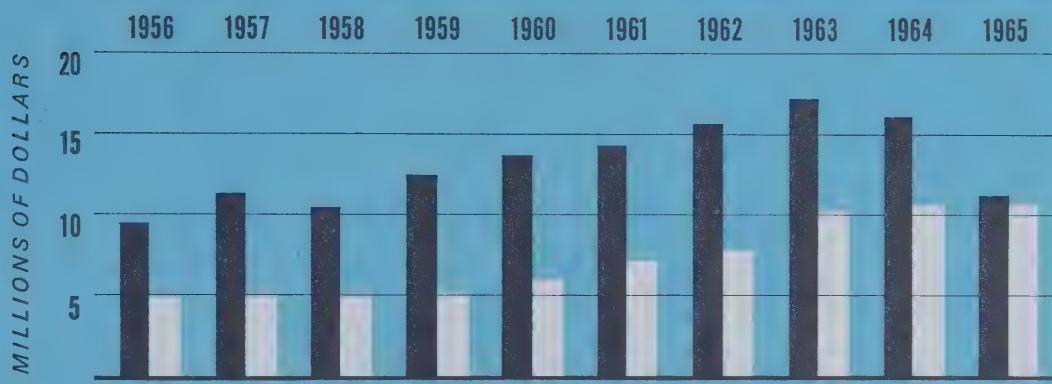
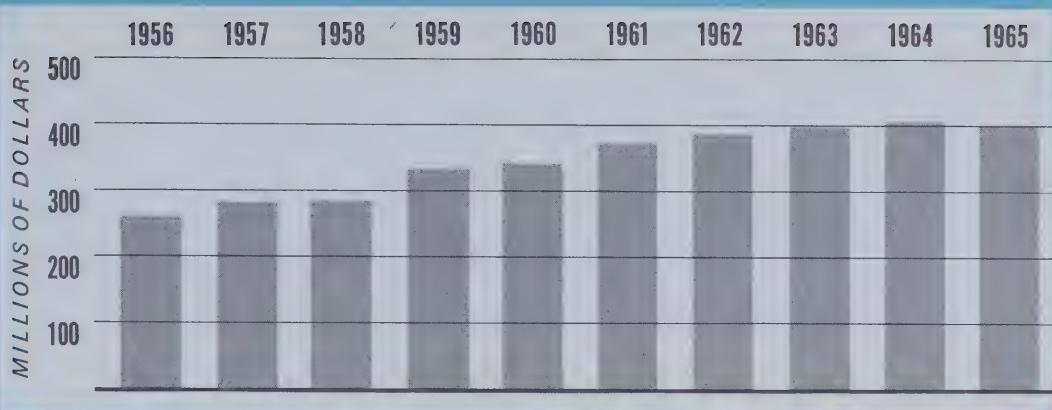
Your Directors at this time wish to pay tribute to Mr. Taylor for his outstanding leadership of your Company since its inception in 1930. It is largely due to his wise guidance, courage, imagination and energy that your Company has achieved its growth in the past 36 years.

Mr. Taylor, one of the outstanding Canadians of his generation, has helped to enhance the prestige of Canada, both in business circles and in a wider sphere. His many business activities have not prevented him from making important contributions in other fields.

Your Directors count themselves fortunate that Mr. Taylor's advice and guidance will continue to be available to the Company. They wish him for the future many years of health and happiness.

## DISTRIBUTION OF INCOME DOLLAR





**CANADIAN BREWERIES LIMITED**  
**AND SUBSIDIARY COMPANIES**

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**ASSETS**

	<i>October 31 1965</i>	<i>October 31 1964</i>
<b>CURRENT ASSETS</b>		
Cash and term deposits . . . . .	\$21,258,079	
Investments at cost which approximates market value	10,749,064	
Accounts receivable . . . . .	15,481,872	
Inventories (Note 1) . . . . .	41,112,349	
Prepaid expenses . . . . .	2,518,129	
<b>TOTAL CURRENT ASSETS</b> . . . . .	<b>\$ 91,119,493</b>	<b>\$ 99,881,354</b>
 <b>INVESTMENTS IN OTHER COMPANIES <i>at cost</i></b>		
Shares in and advances of \$6,161,064 to subsidiaries not consolidated (Note 1) . . . . .	7,656,800	
Debentures and notes receivable . . . . .	4,270,000	
Shares in Charrington United Breweries Limited (quoted market value \$25,827,000) . . . . .	19,873,678	
Shares in and advances of \$6,542,925 to associated companies . . . . .	32,069,641	
	63,870,119	59,913,875
 <b>PROPERTY, PLANT AND EQUIPMENT <i>at cost</i></b>		
Land . . . . .	11,670,697	
Buildings, plant and equipment . . . . .	\$277,041,893	
Less accumulated depreciation . . . . .	129,704,778	
	147,337,115	159,007,812
		159,976,737
 <b>SUNDRY PROPERTIES AND INVESTMENTS <i>at cost less amounts written off</i></b> . . . . .		
	12,478,960	13,267,602
 <b>DEFERRED CHARGES <i>less amounts written off</i></b>		
Debenture discount . . . . .	2,727,587	
Cost of compact bottle conversion—net (Note 1) . . . . .	1,239,392	
	3,966,979	5,217,180
	\$330,443,363	\$338,256,748



## CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1965

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### LIABILITIES AND SHAREHOLDERS' EQUITY

	<i>October 31 1965</i>	<i>October 31 1964</i>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued items . . . . .	\$15,467,031	
Income taxes . . . . .	5,937,728	
Other taxes . . . . .	<u>6,058,537</u>	
<b>TOTAL CURRENT LIABILITIES</b> . . . . .	<b>\$ 27,463,296</b>	<b>\$ 29,837,388</b>
<b>FUNDED DEBT (Note 2)</b> . . . . .	81,220,000	86,850,000
<b>SHAREHOLDERS' EQUITY (Note 3)</b>		
<b>Capital Stock</b>		
<i>Authorized</i>		
999,685 preference shares with a par value of \$50 each, issuable in series		
30,001,260 common shares without par value		
<i>Issued</i>		
499,685 \$2.20 Cumulative Convertible Preference Shares Series A—redeemable at \$53 per share and accrued dividends . . . . .	24,984,250	
500,000 \$2.65 Cumulative Preference Shares Series B—redeemable at \$52.50 per share and accrued dividends . . . . .	25,000,000	
21,762,295 common shares . . . . .	78,356,529	
<b>Retained earnings</b> . . . . .	<b>93,419,288</b>	
	221,760,067	221,569,360

### COMMITMENTS AND CONTINGENCIES (Note 4)

*On behalf of the Board* A. BRUCE MATTHEWS, *Director*  
*J. G. CAMPBELL, Director*

**\$330,443,363      \$338,256,748**

*The accompanying explanatory notes are an integral part of these financial statements.*

**CANADIAN BREWERIES LIMITED**  
**AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS**  
 FOR THE YEAR ENDED OCTOBER 31, 1965

Balance November 1, 1964 . . . . .	\$ 93,228,581
Add: Net earnings for the year . . . . .	11,320,000
	<hr/>
	104,548,581
Deduct: Dividends paid—preferred . . . . .	\$ 2,424,519
—common . . . . .	<u>8,704,774</u>
	<hr/>
	11,129,293
Balance October 31, 1965 . . . . .	<u>\$ 93,419,288</u>

**CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS**  
 FOR THE YEAR ENDED OCTOBER 31, 1965

Working capital, November 1, 1964 . . . . .	\$ 70,043,966
<i>Source of Funds</i>	
Net earnings for the year. . . . .	\$ 11,320,000
Depreciation and amortization not requiring an outlay of funds . . . . .	11,860,606
Amortization of compact bottle conversion costs \$2,003,375 less applicable income tax . . . . .	979,587
Reduction of debentures receivable . . . . .	<u>100,000</u>
	<hr/>
	24,260,193
	<hr/>
	94,304,159
<i>Application of Funds</i>	
Dividends paid to shareholders . . . . .	11,129,293
Investment in property, plant and equipment and sundry properties, less disposals . . . . .	9,832,425
Investment in other companies . . . . .	4,056,244
Funded debt redeemed . . . . .	<u>5,630,000</u>
	<hr/>
	30,647,962
Working capital, October 31, 1965 . . . . .	<u>\$ 63,656,197</u>



## CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED OCTOBER 31, 1965

	<i>Year ended October 31</i>	<i>1965</i>	<i>1964</i>
Net sales . . . . .	\$400,931,310	\$412,305,805	
Less government excise and sales taxes . . . . .	148,500,999	153,501,358	
	252,430,311	258,804,447	
Cost of goods sold, selling, administrative and general expenses (Directors' fees included \$59,350) . . . . .	218,142,423	218,055,833	
Operating profit before undernoted items . . . . .	34,287,888	40,748,614	
 <b>OTHER INCOME</b>			
Dividends received . . . . .	2,318,026		
Interest . . . . .	1,828,007		
Net profit on disposal of properties and investments . . . . .	599,674		
Discounts earned . . . . .	735,643		
Miscellaneous . . . . .	342,990		
	5,824,340	6,768,332	
	40,112,228	47,516,946	
 <b>OTHER DEDUCTIONS</b>			
Interest on funded debt . . . . .	4,073,315		
Other interest . . . . .	247,932		
	4,321,247	4,314,704	
	35,790,981	43,202,242	
Provision for depreciation and amortization . . . . .	11,860,606	11,494,336	
Amortization of compact bottle conversion costs . . . . .	2,003,375	1,932,069	
	13,863,981	13,426,405	
	21,927,000	29,775,837	
Provision for income taxes (Note 5) . . . . .	10,607,000	13,204,000	
Net earnings . . . . .	\$ 11,320,000	\$ 16,571,837	

*The accompanying explanatory notes are an integral part of these financial statements.*

# CANADIAN BREWERIES LIMITED

## AND SUBSIDIARY COMPANIES

EXPLANATORY NOTES TO FINANCIAL STATEMENTS AS AT OCTOBER 31, 1965

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### PRINCIPLES OF CONSOLIDATION AND ACCOUNTING

The consolidated financial statements include the accounts of the Company and all subsidiaries with the exception of the accounts of two companies which are not significant to the consolidation; the audited accounts of one of these companies, which is located overseas, are not available and the operations of the other are not comparable with the companies comprising the consolidation. The investment in these unconsolidated subsidiaries is carried at the Company's equity in their net assets, provision having been made in these accounts for estimated net losses since acquisition aggregating \$350,000.

The accounts of subsidiaries are as at October 31 except for three malting companies which are as at September 30.

The accounts of United Kingdom subsidiaries are included on the following bases: investments at the rate of exchange prevailing at the time of acquisition; other current assets and current liabilities at the rate prevailing at October 31, 1965 and earnings at the average rate for the year. The accounts of United States subsidiaries are included on the basis of one United States dollar equalling one Canadian dollar.

Inventories are summarized as follows, according to bases of valuation:

*At the lower of cost or market*

Beer and ale finished and in process . . . . .	\$17,412,306
Materials and supplies . . . . .	11,511,178

*At estimated value which is lower than new replacement cost*

Containers . . . . .	12,188,865
	<u>\$41,112,349</u>

Costs of converting to the compact bottle are being amortized over a period of years. For income tax purposes the Company has claimed full costs as expended and the resulting deferred tax has been deducted from unamortized costs.

### FUNDED DEBT

ISSUED BY CANADIAN BREWERIES LIMITED

Outstanding

*Debentures secured by first mortgages*

Authorized and Issued, \$15,000,000 less retired \$13,000,000

3½% Sinking Fund Debentures maturing March 1, 1967. Sinking fund payments of \$500,000 are required annually on or before March 1 up to 1966 . . . . .	\$ 1,000,000
4% Sinking Fund Debentures maturing January 15, 1969. Sinking fund payments of \$250,000 are required annually on or before January 15 up to the date of maturity . . . . .	1,000,000

*Debentures authorized by trust indenture dated January 15, 1954 and indentures supplemental thereto.*

Authorized and Issued, \$15,000,000 less retired \$6,600,000

4¾% Sinking Fund Debentures Series A, maturing January 15, 1979 and payable in either Canadian or U.S. funds at par, at the option of the holder. Sinking fund payments of \$600,000 are required annually on or before January 15 up to the date of maturity . . . . .	8,400,000
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Authorized and Issued, \$20,000,000 less retired \$7,200,000

4¼% Sinking Fund Debentures Series B, maturing January 15, 1981 and payable in either Canadian or U.S. funds at par, at the option of the holder. Sinking fund payments of \$800,000 are required annually on or before January 15 up to 1980 . . . . .	12,800,000
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Authorized and Issued, \$15,000,000 less retired \$4,200,000	
5% Sinking Fund Debentures Series C, maturing January 15, 1983 and payable in Canadian funds. Sinking fund payments of \$600,000 are required annually within fifteen days before January 15 up to 1982 . . . . .	10,800,000
Authorized and Issued, \$20,000,000 less retired \$3,200,000	
5½% Sinking Fund Debentures Series D, maturing April 1, 1986 and payable in Canadian funds. Sinking fund payments of \$800,000 are required annually within fifteen days before April 1 up to 1985. These debentures may not be redeemed by call except through the operation of the sinking fund until April 1, 1973 in connection with a refunding operation by the application, directly or indirectly, of borrowed funds . . . . .	16,800,000
Authorized and Issued, \$25,000,000 less retired \$1,000,000	
5½% Sinking Fund Debentures Series E, maturing April 1, 1989 and payable in Canadian funds. Sinking fund payments of \$1,000,000 are required annually within fifteen days before April 1 up to 1988. These debentures may not be redeemed by call except through the operation of the sinking fund until April 1, 1976 in connection with a refunding operation by the application, directly or indirectly, of borrowed funds . . . . .	24,000,000
ISSUED BY CARLING BREWING COMPANY INCORPORATED	
5% Notes payable to banks, payable in instalments of \$1,070,000 annually on November 1 up to 1970. The interest rate is subject to adjustment of ½ of 1 per cent above the prime rate in effect for commercial borrowers during the term of the loans . . . . .	6,420,000
TOTAL OUTSTANDING . . . . .	\$81,220,000

The funded debt is redeemable, except where indicated above, at premiums varying according to date of redemption.

The portion of the above funded debt falling due within one year is \$5,620,000.

### SHAREHOLDERS' EQUITY

Series A Preference Shares were convertible into Common Shares on the basis of 1 Preference Share to 4 Common Shares on or before May 1, 1965, and thereafter to 3½ Common Shares on or before May 1, 1967. Under this privilege 230 Series A Preference Shares were converted into 920 Common Shares during the year.

Under the Company's Stock Option Plan, options may be granted on a maximum of 500,000 common shares to key executives of the Company and its subsidiaries. As at October 31, 1965 there were outstanding options on 203,000 shares, exercisable between November 12, 1965 and November 11, 1973 at \$9.74 per share in Canada and \$9.15 U.S. per share in the United States.

The trust deed and trust indentures relating to the Company's debentures outstanding contain provisions whereby dividends may not be declared or paid which would reduce consolidated net current assets, as defined, below a certain level. As at October 31, 1965 the net current assets, as defined, exceeded such requirements by at least \$33,500,000.

### COMMITMENTS AND CONTINGENCIES

Capital expenditures authorized and miscellaneous guarantees and contingencies aggregated approximately \$8,000,000.

### INCOME TAXES

The provision for income taxes for the 1965 fiscal year has been made on the basis of claiming maximum capital cost allowances. Such provision is \$670,000 less than the amount that would have been provided had it been made on the basis of the depreciation recorded in the accounts. The accumulation of such reductions in income taxes for the fiscal years 1954 to 1965 inclusive amounts to approximately \$9,100,000.

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# AUDITORS' REPORT

## TOUCHE, ROSS, BAILEY & SMART

HALIFAX  
QUEBEC  
MONTREAL  
TORONTO  
LONDON  
REGINA  
NORTH BATTLEFORD  
EDMONTON  
VICTORIA

SAIN T JOHN  
CAP DE LA MADELEINE  
OTTAWA  
HAMILTON  
WINNIPEG  
SASKATOON  
CALGARY  
VANCOUVER

CHARTERED ACCOUNTANTS  
SUN LIFE BUILDING  
200 UNIVERSITY AVE.  
TORONTO I, ONTARIO  
TELEPHONE: 366-6521

UNITED STATES OF AMERICA  
GREAT BRITAIN  
AND OTHER COUNTRIES  
THROUGHOUT THE WORLD  
CABLE ADDRESS: "TROBAS"

The Shareholders,

CANADIAN BREWERIES LIMITED.

We have examined the consolidated balance sheet of Canadian Breweries Limited and subsidiary companies as at October 31, 1965 and the related consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and the related consolidated statements of earnings, retained earnings and source and application of funds present fairly the consolidated financial position of the company and its subsidiaries as at October 31, 1965, the results of their operations and the source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Touche, Ross, Bailey & Smart*

Chartered Accountants.

Toronto, Ontario,  
December 17, 1965

## CANADIAN BREWERIES LIMITED AND SUBSIDIARY COMPANIES

Consolidated Summary of Earnings for the Ten Years Ended October 31, 1965  
(Thousands of dollars)

Year Ended October 31	Sales	Sales less Excise and Sales Taxes	Cost of Goods Sold, Selling Administrative and General Expenses— before Depreciation and Amortization	Interest on Bonds, Debentures, Notes and Loans	Other Income —net	Provision for Depreciation and Amortization	Earnings before Provision for Income Taxes	Provision for Income Taxes	Provision for Minority Interest	Net Earnings for Year
1956	261,184	163,762	136,938	1,883	2,290	7,016	20,215	8,486	1,510	10,219
1957	280,154	176,107	144,424	2,475	1,381	8,229	22,360	9,667	1,376	11,317
1958	281,445	177,775	149,055	2,647	2,439	8,331	20,181	8,667	1,435	10,079
1959	333,764	211,971	175,587	2,761	1,582	8,754	26,451	12,950	1,105	12,396
1960	340,852	214,607	179,179	2,647	2,628	8,455	26,954	12,179	1,014	13,761
1961	363,580	229,497	190,728	3,304	3,255	10,399	28,321	12,963	963	14,395
1962	380,066	238,015	195,305	3,809	5,332	12,291	31,942	15,589	584	15,769
1963	398,128	249,947	208,143	3,753	7,781	13,399	32,433	15,119	168	17,146
1964	412,306	258,804	218,056	4,314	6,768	13,426	29,776	13,204	—	16,572
1965	400,931	252,430	218,142	4,321	5,824	13,864	21,927	10,607	—	11,320

## CANADIAN BREWERIES LIMITED COMPANY BRANDS

Below is a listing by Company and brand of the provinces, states or countries, in which the various brands are available.

*We invite shareholders and their friends to use these brands and thus contribute to profits from which dividends are paid. The serving of company brands when entertaining may also suggest their use to other potential customers.*

★ ASSOCIATED BAHAMIAN BREWERIES LIMITED NASSAU  
GOLD STAR BEER Bahamas

★ BEAMISH & CRAWFORD LIMITED CORK  
BEAMISH EXTRA STOUT } Ireland  
CARLING BLACK LABEL }

★ BENNETT BREWING COMPANY LIMITED ST. JOHN'S  
DOMINION PALE ALE } Newfoundland  
DOMINION STOUT }  
HAIG LIGHT BEER }

★ CALGARY BREWING & MALTING COMPANY LIMITED  
CALGARY

CALGARY EXPORT LAGER BEER  
Saskatchewan, Alberta, Yukon, Northwest  
Territories, Alaska

CALGARY ALE Alberta  
GOLDEN WEST BEER Alberta  
PILSENER Alberta, Northwest Territories  
CALGARY STOCK ALE Manitoba, Saskatchewan,  
Alberta, Northwest Territories  
CALGARY 4X STOUT Alberta, Northwest  
Territories

★ THE CARLING BREWERIES, LIMITED TORONTO  
WATERLOO, WINDSOR, WINNIPEG, REGINA,  
RED DEER, VANCOUVER

BLACK LABEL BEER Nova Scotia, New Brunswick,  
Quebec, Ontario, Manitoba, Saskatchewan, Alberta,  
British Columbia, Yukon, Northwest Territories

RED CAP ALE Prince Edward Island, Nova Scotia,  
New Brunswick, Quebec, Ontario, Manitoba,  
Saskatchewan, Alberta, British Columbia,  
Yukon, Northwest Territories.

"CINCI" LAGER BEER Ontario, Manitoba,  
New York, Illinois, Indiana, Michigan, Ohio

CHARRINGTON TOBY BEER  
Ontario, British Columbia

BRADING ALE } Quebec, Ontario  
JUBILEE PORTER }

STANDARD LAGER BEER Manitoba  
Saskatchewan

EXTRA STOUT Manitoba

PILSENER Manitoba, British Columbia, Yukon

OLD COUNTRY ALE British Columbia, Yukon

U.B.C. BEER } British Columbia  
4X CREAM STOUT }

BOCK BEER Alberta

★ CARLING BREWING COMPANY INCORPORATED ATLANTA,  
BALTIMORE, BELLEVILLE, CLEVELAND,  
FRANKENMUTH, NATICK, PHOENIX, TACOMA

BLACK LABEL BEER All 50 American States

RED CAP ALE 39 American States

HEIDELBERG BEER Alaska, California, Idaho,  
Montana, Oregon, Washington

STAG BEER Arkansas, Illinois, Indiana, Iowa, Kansas,  
Kentucky, Missouri, Oklahoma, Tennessee

CARLING EXPORT MALT LIQUOR Florida,  
Georgia, North Carolina, South Carolina

CARLING A.I. BEER Arizona, California, Colorado,  
Nevada, New Mexico, Utah

NOTE:

Carling Black Label Beer is also produced by  
our associate company, Charrington United  
Breweries Limited, at various plants in Britain  
and is on sale in all parts of that country.

In addition, Black Label is now shipped from  
the U.S.A. and Britain to more than 60 countries.

★ DOW BREWERY LIMITED QUEBEC, MONTREAL,  
TORONTO, CALGARY

DOW ALE Prince Edward Island, Nova Scotia,  
New Brunswick, Quebec, Ontario, Manitoba,  
Northwest Territories, New York

BOCK BEER Quebec, Ontario

KINGSBEER LAGER Nova Scotia, New Brunswick,  
Quebec, Ontario, Manitoba, Yukon, Northwest  
Territories, New York

BLACK HORSE ALE Ontario, Quebec

KEBEC ALE } Quebec  
CHAMPLAIN PORTER }

DOW CREAM PORTER Prince Edward Island,  
New Brunswick, Ontario, Manitoba

BIG HORN STOUT Alberta

★ O'KEEFE BREWING COMPANY LIMITED OTTAWA,  
TORONTO, WINNIPEG, SASKATOON,  
EDMONTON, VANCOUVER

O'KEEFE ALE Newfoundland, Prince Edward Island,  
Nova Scotia, New Brunswick, Quebec, Ontario,  
Manitoba, Saskatchewan, British Columbia,  
Northwest Territories; also New York, New Jersey,  
Pennsylvania, Ohio, Indiana, Illinois, Michigan,  
and Iowa

BLENDED ALE Quebec, Ontario

OLD VIENNA LAGER BEER All ten provinces  
plus Yukon, Northwest Territories; also New York,  
New Jersey, Pennsylvania, Ohio, Indiana, Illinois,  
Michigan, Iowa, California, Oregon and Washington

HOLIDAY LAGER Ontario

DOUBLE STOUT Ontario, Saskatchewan

BOHEMIAN MAID BEER Alberta, Northwest  
Territories

BOHEMIAN MAID STOUT Alberta

STEIN BEER British Columbia, Alberta



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**CANADIAN BREWERIES LIMITED**

*Executive Offices:* 297 Victoria Street, Toronto 2, Canada